

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W. R. GRACE & CO., <u>et al.</u> , <sup>1</sup>	)	Case No. 01-1139 (JKF)
	)	Jointly Administered
Debtors.	)	

Objection Date: June 16, 2008 at 4:00 p.m.  
Hearing Date: June 23, 2008 at 1:00 p.m.

**QUARTERLY INTERIM APPLICATION OF LAWSON LUNDELL LLP FOR  
COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES AS  
ORDINARY COURSE PROFESSIONALS FOR W.R. GRACE & CO., ET AL., FOR THE  
QUARTERLY FEE PERIOD OF JULY 2007 THROUGH SEPTEMBER 2007**

Name of Applicant:	Lawson Lundell LLP
Authorized to Provide Professional Services to:	W.R. Grace & Co., et al., Debtors and Debtors-in-Possession
Date of Retention as Ordinary Course Professional	April 30, 2003
Period for which Compensation and Reimbursement is Sought:	August 1, 2007 through August 31, 2007
Amount of Compensation Sought as Actual, Reasonable and Necessary:	\$58,553.10
Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary:	\$0.00

This is a:    \_\_ monthly                    xx interim                    \_\_ final application.

<sup>1</sup> The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co. Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., GC Limited Partners I, Inc., (f/k/a Grace Cocoa Limited Partners I, Inc.), GC Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc. GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation., W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (F/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

**PRIOR APPLICATIONS FILED:**

Date Filed	Period Covered	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
03/13/08	08/01/07 – 08/31/07	\$ 59,369.99	\$ 0.00	Pending	Pending

**LL PROFESSIONALS:**

Name of Professional Individual	Position	Years admitted to the Practice	Hourly Billing Rate	Hours Spent
Rodney Hayley	Partner	24	CDN \$500.00	145.50
Lisa Peters	Research Partner	19	CDN \$375.00	22.10
Jude Samson	Associate	5	CDN \$260.00	2.60
Heather Cane	Associate	6	CDN \$250.00	10.70
Nick Ellegood	Associate	3	CDN \$220.00	1.50
Chris Dafoe	Associate	1	CDN \$200.00	49.50
Gwendoline Hoar	Researcher/Librarian	N/A	CDN \$145.00	1.10

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Pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Court’s ‘Amended Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members’, signed April 17, 2002 (the “Amended Administrative Order”), amending the Court’s ‘Administrative Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Allowance and Payment of Monthly Interim Compensation and Reimbursement of Expenses of Professionals’, entered May

<sup>1</sup> The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co. Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food ‘N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., GC Limited Partners I, Inc., (f/k/a Grace Cocoa Limited Partners I, Inc.), GC Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc. GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation., W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (F/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

3, 2001, the law firm of Lawson Lundell LLP ("LL") hereby files this First Quarterly Interim Application of Lawson Lundell LLP for Compensation and for Reimbursement of Expenses for July 1, 2007 through September 30, 2007 (the "First Quarterly Fee Application").

By this First Quarterly Fee Application, LL seeks the interim allowance of compensation in the amount of \$58,553.10 and reimbursement of actual and necessary expenses in the amount of \$0.00 for a total of \$58,553.10, or one hundred percent (100%) of all compensation and expense reimbursement requested, for the period July 1, 2007 through September 30, 2007 (the "Interim Period").

**Monthly Fee Application Covered Herein**

1. Prior to the filing of this First Quarterly Fee Application, the August 1, 2007 through August 31, 2007 monthly fee application of LL had been filed with the Court pursuant to the Administrative Order and Amended Administrative Order. The August 1, 2007 through August 31, 2007 monthly fee application is the subject of this First Quarterly Fee Application.

2. On or about March 13, 2008, LL filed the Monthly Application for Compensation for Services and Reimbursement of Expenses in Excess of the Ordinary Course Professional Cap for the Period from August 1, 2007 through August 31, 2007 (the "Monthly Fee Application," Docket No. 18286), requesting \$59,369.99 in fees and \$0.00 in expenses. The Monthly Fee Application is attached hereto as Exhibit A.

**Questions Raised by the Auditor**

3. On or about April 21<sup>st</sup>, 2008, Warren H. Smith & Associates, P.C. (the "Fee Auditor") provided LL with the Fee Auditor's Initial Report Regarding Fee Application of Lawson Lundell LLP for the Twenty-Sixth Interim Period (the "Fee Auditor's Initial Report"). The Fee Auditor's Initial Report is attached hereto as Exhibit B.

4. On page 3, paragraph 6, of the Fee Auditor's Initial Report, the Fee Auditor notes that LL billed a total of \$1,178.40 CDN (or \$1,225.97 USD) for document reproduction. LL's standard rate for document reproduction is \$0.30 CDN per page; however, under Local rule 2016-2(e)(iii), the current limit on in-house photocopying charges is \$0.10 per page (the "Local Rule"). To comply with the Local Rule (which was not known to LL at the time of the billing in question), LL has agreed to adjust its photocopying rate from standard \$0.30 CDN per page to \$0.10 per page, and thereby reducing the August 2007 invoice by \$816.89. Thus, the amount requested on the Monthly Fee Application, which was previously \$59,369.99, is reduced by \$816.89, and LL now respectfully requests \$58,553.10 in this the First Quarterly Application.

5. On page 3, paragraph 5, of the Fee Auditor's Initial Report, the Fee Auditor questioned whether two time entries included non-working travel; the details of the two entries are reproduced here as follows:

08/30/07	RLH	16.5	Preparing for deposition of Professor Irvine; numerous e-mails to and from and telephone conferences with D. Cameron and T. Rea; <b>traveling to Atlanta for the deposition.</b>
08/31/07	RLH	16.0	Preparing for and conducting deposition of Professor Irvine in Atlanta; numerous e-mails from and to D. Cameron and T. Rea regarding same; <b>traveling from Atlanta to Vancouver.</b>

The Fee Auditor further stated that under Local Rule 2016-2(d)(viii) "Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates."

6. In response, LL respectfully states that during these trips Rodney L. Hayley, partner with the applicant law firm, spent the entire travel time in question preparing for the depositions in Atlanta which he was asked to conduct at the last minute, given that W.R. Grace's Pittsburgh counsel had become suddenly unavailable. Moreover, the two working days referred to in paragraph 4 above were actually much longer and busier than those charges would suggest. During this time, Mr. Hayley carried out critically important legal work for W.R. Grace involving 22 hours on the first day and 20.5 on second was completed. However, LL billed only a portion of the entire time as a courtesy to W.R. Grace, a valued client of LL since 1987.

#### **Requested Relief**

7. By this First Quarterly Fee Application, LL requests that the Court approve the interim allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by LL from July 1, 2007 through September 30, 2007. As stated above, the full scope of the services provided and the related expenses incurred are fully described in the monthly fee application for the Interim Period that already has been filed with the Court and is attached hereto as Exhibit A.

8. At all relevant times, LL has been a disinterested person as that term is defined in section 101(14) of the Bankruptcy Code and has not represented or held an interest adverse to the interest of Debtors.

9. All services for which compensation is requested by LL were performed for or on behalf of Debtors and not on behalf of any committee, creditor, or other person.

10. During the Interim Period, LL has received no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with Debtors' cases. There is no agreement or understanding between LL and any other person, other than members of the Firm, for the sharing of compensation to be received for services rendered in these cases.

11. The professional services and related expenses for which LL requests interim allowance of compensation and reimbursement of expenses were rendered and incurred in connection with these cases in the discharge of LL's professional responsibilities as ordinary course professionals for Debtors in their chapter 11 cases. LL's services have been necessary and beneficial to Debtors and their estates, creditors, and other parties in interest.

WHEREFORE, LL respectfully requests that the Court enter an order, substantially in the form attached hereto, providing that, for the period of July 1, 2007 through September 30, 2007, an allowance be made to LL in the sum of \$58,553.10 as compensation for reasonable and necessary professional services rendered to Debtors and in the sum of \$0.00 for reimbursement of actual and necessary costs and expenses incurred, for a total of \$58,553.10, that Debtors be authorized and directed to pay to LL the outstanding amount of such sums; and for such other and further relief as this Court deems proper.

Dated: May 26<sup>th</sup>, 2008

Respectfully submitted,

LAWSON LUNDELL LLP

  
Rodney L. Hayley

(of the bars of British Columbia and Saskatchewan, and  
admitted *pro hac vice* to the bar of Delaware)

Lawson Lundell LLP

1600 Cathedral Place

925 West Georgia Street

Vancouver, BC V6C 3L2, Canada

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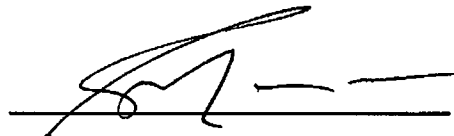
VERIFICATION

Rodney L. Hayley, after being duly sworn according to law, deposes and says:

a) I am a partner with the applicant law firm Lawson Lundell LLP, and have been admitted to appear *pro hac vice* before this Court.

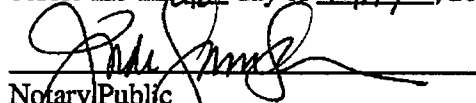
b) I am familiar with many of the legal services rendered by Lawson Lundell LLP, as Ordinary Course Professionals to the Debtors, and am thoroughly familiar with the other work performed by the lawyers and paraprofessionals of Lawson Lundell LLP.

c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Del. Bankr. LR 2016-2 and the 'Amended Administrative Order Under 11 U.S.C. §§105(a) and 331 Establishing Revised Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members', signed April 17, 2002, and submit that the Application substantially complies with such Rule and Order.



Rodney L. Hayley

SWORN AND SUBSCRIBED  
before me this 26th day of MAY, 2008.

  
Notary Public  
My Commission Expires: N/A

**JUDE P. SAMSON**  
Barrister & Solicitor  
1600 - 925 WEST GEORGIA ST.  
VANCOUVER, B.C. V6C 3L2  
(604) 685-3456

LAWYER & NOTARY PUBLIC  
IN AND FOR THE PROVINCE OF  
BRITISH COLUMBIA